

Message Text

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ACTION EUR-25

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TAGS: EFIN, IC

SUBJECT: ICELAND'S BALANCE OF PAYMENTS WITH U.S.

REF: STATE 18870

1. FOLLOWING DATA OBTAINED MOSTLY THROUGH CENTRAL BANK
CONTACT. MOST RECENT YEAR FOR WHICH COMPLETE FIGURES ARE
AVAILABLE IS UNFORTUNATELY 1970. FIGURES INCLUDE CANADA WHICH
IS OF NEGLIGIBLE IMPORTANCE, AND ARE AS FOLLOWS IN MILLIONS
OF U.S. DOLLARS:

U.S. AND CANADA

ICELAND'S : EXPENDITURES RECEIPTS NET

A. GOODS AND SERVICES

1. IMPORTS AND EXPORTS (FOB) 13.2 44.1 (PLUS) 30.9

2. TRAVEL 0.9 3.0 (PLUS) 2.1

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3. TRANSPORTATION 22.1 27.2 (PLUS) 5.1

4. INSURANCE 1.0 0.8 (MINUS) 0.2

5. INTEREST 3.8 1.5 (MINUS) 2.3

6. DEFENSE FORCE - 14.5 (PLUS) 14.5

7. MISCELLANEOUS 2.4 2.3 (MINUS) 0.1

SUB TOTAL 43.4 93.4 (PLUS) 50.0

B. UNREQUITED TRANSFERS - 0.1 -

C. CAPITAL ACCOUNT

1. FOREIGN PRIVATE INVESTMENT - - -

2. LONG TERM PRIVATE
BORROWING 4.7 - 4.7

3. OTHER PRIVATE CAPITAL 1.1 3.5 (PLUS) 2.4

MOVEMENTS

4. LONG TERM PUBLIC BORROWING 2.5 0.6 (MINUS) 1.9

5. OTHER PUBLIC CAPITAL
MOVEMENTS - - -

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SUB TOTAL 8.3 4.1 (MINUS) 4.2

TOTAL 51.7 97.6 (PLUS) 45.9

2. FOR 1973, FOLLOWING 12-MONTH TRADE FIGURES HAVE JUST BEEN
MADE AVAILABLE:

ICELAND'S EXPORTS TO U.S. (FOB): \$76,852,000

ICELAND'S IMPORTS FROM U.S. (CIF) \$26,385,000

ICELAND'S IMPORTS FROM U.S. (FOB) \$23,573,000

SHIPMENTS TO AND FROM U.S. ARE CARRIED ALMOST ENTIRELY BY ICELANDIC COMPANIES.

3. NO CURRENT FIGURES AVAILABLE ON TRANSPORT ACCOUNT WITH U.S. IN 1971 THE TOTAL FOREIGN OPERATIONS OF BOTH INTERNATIONAL AIRLINES (LOFTLEIDIR AND FLUGFELAG) RESULTED IN AN INFLOW OF APPROX. \$42 MILLION AND AN OUTFLOW OF \$32.4 MILLION IN 1972 INFLOW WAS APPROXIMATELY \$38.5 MILLION AND OUTFLOW \$26.4 MILLION. FOR FIRST 9 MONTHS 1973 INFLOW WAS APPROX. \$32.5 MILLION AND OUTFLOW \$21.9 MILLION.

4. CENTRAL BANK'S PRELIMINARY 12 MONTH 1973 FIGURES FOR NET DEFENSE FORCE CONTRIBUTION IS \$20.7 MILLION BASED ON INFLOW OF APPROX. \$22.9 MILLION AND OUTFLOW OF \$2.2 MILLION. 1972 FIGURES SHOW INFLOW FROM DEFENSE FORCE OF APPROX. \$18.6 MILLION, OUTFLOW OF \$2.1 MILLION, NET CONTRIBUTION OF \$16.5 MILLION; FOR 1971 AN INFLOW OF \$16.0 MILLION, OUTFLOW OF \$1.3 MILLION, NET CONTRIBUTION OF \$14.7 MILLION. FIGURES COMPILED BY BASE ARE FOR U.S. FISCAL YEAR AND LIST INFLOW ONLY: FY 1973 -\$22.7 MILLION; FY 1972 -\$19.7 MILLION; FY 1971 -\$17.6 MILLION; FY 1970 -\$14.0 MILLION.

5. CURRENT OFFICIAL INFORMATION ON CAPITAL MOVEMENTS NOT AVAILABLE. THERE HAS BEEN NO U.S. PRIVATE DIRECT INVESTMENT IN ICELAND IN PAST FOUR OR FIVE YEARS. ICELANDIC FISH PROCESSING FACILITIES IN U.S. HAVE BEEN EXPANDED BY A TOTAL OF PERHAPS LIMITED OFFICIAL USE

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\$3.5 MILLION IN DIRECT INVESTMENT SINCE 1971.

6. APPROXIMATE NET VALUE OF PL 480 LOANS TO ICELAND AS FOLLOWS:

FY 1973 -\$559,000; FY 1972 -\$481,000; FY 1971 \$907,000. INTEREST AND PRINCIPAL REPAYMENTS ON THESE AND PREVIOUS PL 480 LOANS SHOULD BE AVAILABLE THROUGH AID/S/FM/CFS (NORA DEUPREE).

7. COMPARED WITH EFFECTS OF TRADE BALANCE AND DEFENSE FORCE CONTRIBUTION, NET FIGURES FOR CAPITAL FLOWS, TRANSPORTATION, TOURISM, AND OTHER SERVICES ARE RELATIVELY SMALL. IT IS UNLIKELY THAT FOR 1973 THESE FIGURES TAKEN TOGETHER WERE VERY DIFFERENT FROM THE 1970 DATA SHOWN IN PARAGRAPH ONE. WE WOULD ESTIMATE THAT THE TOTAL NET INFLOW TO ICELAND FROM THE U.S. IN 1973 WAS PROBABLY BETWEEN \$82 AND \$88 MILLION.

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